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The 10 best- and worst-performing passive ETFs of the past 3 years
By Rob Burgess
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When it comes to investing, the humble passive ETF may not be as initially attractive to investors looking to beat the market, but many experts say they have a proven track record.

Robert R. Johnson, professor of finance at the Heider College of Business at Creighton University, said for the vast majority of investors, passive ETFs are superior to actively managed ETFs.

"The reason is quite simple: After fees, it is very difficult to deliver returns that are superior to an extremely low-fee, passive ETF," he said. "It shouldn't surprise investors that is the case. If you think about it, institutional funds make up the vast majority of investments. If institutional managers are the market, how can they be expected, after fees, to provide returns superior to the market?"

Christopher Johns, founder and wealth advisor at Spark Wealth Advisors in Jacksonville, Florida, said the consensus is most investors are best off buying low-cost index funds as opposed to trying to beat the market by picking stocks or using active funds.

"Warren Buffet has been outspoken about this for decades, and I think it's a great thing," he said. "Active funds may have had an edge decades ago when information was not readily available at the fingertips of all investors, but times have changed."

John Bell, owner and lead financial planner of Free State Financial Planning in Highland, Maryland, said he is a fan of both, but he only uses actively managed ETFs where he thinks there is an inefficiency in the market or the strategy is unique and cannot be replicated in passive ETFs.

"For instance, using a passive ETF is great for large and mid-cap, but maybe not great for small-cap," he said. "Same for international — the index following passive ETFs is probably not as good of an option as an actively managed one, especially for emerging markets. All emerging markets are not created equal and can potentially be exploited to provide better returns or reduced risk with research."

Historically, Bell said that to get to these kinds of exposures, you would have to use mutual funds, which trade differently and usually cost more than passive ETFs.

"The introduction of active ETFs has made this go away, although there is not

great coverage," he said.

For actively managed ETFs, it is "virtually impossible" to outperform a benchmark consistently over a long period of time, net of fees, said Filip Telibasa, owner of Benzina Wealth in Sarasota, Florida.

"Even if you look at prior performance, this is no indication that those returns will continue into the future," he said. "As a result, I prefer to use passive ETFs with clients. This is consistent with my belief in efficient markets. All information is publicly available and nobody can exclusively profit from it."

Scott Bishop, partner and managing director at Houston-based Presidio Wealth Partners, said he sees passive ETFs "as a cornerstone of cost-effective, long-term investing."

"They offer broad market exposure with lower fees — often below 0.2% — compared to actively managed ETFs, where fees can exceed 1%," he said.

Trend toward lower-fee funds

Henry Yoshida, CEO and founder of Rocket Dollar, said with all the recent market turmoil, he has been contacted by people across all life stages — young professionals, mid-career individuals and retirees — asking if they should liquidate their investments and wait in cash.

"My consistent response has been 'no,'" he said. "I advise them to stay invested in their passively managed, broad market ETFs."

Bishop said the industry is undeniably trending toward lower-fee passive funds, driven by consistent evidence that most active managers fail to outperform their benchmarks after fees.

Telibasa said this trend toward lower-fee passive funds started with the advent of ETFs, where mutual funds with sales charges were used beforehand.

"From that time, there has been a huge focus on fees in the industry," he said. "Now, we are looking for expense ratios below one-tenth of a percent per year. I believe this trend will continue as fees impact net return. Said differently, the lower the fee, the higher the net return for the holder of the fund."

How to evaluate a passive ETF

Bishop said his firm evaluates a passive ETF's merit by its expense ratio, tracking error relative to its index and liquidity.

"These are metrics that ensure it delivers reliable, efficient returns without hidden costs," he said.

Telibasa said his firm does not look at performance and fees only when evaluating passive ETFs. Additionally, he said it is imperative to review the

prospectus as well as the exposure and internal holdings of the fund in question to see if they match.

"For example, if the prospectus specifies a target of investing in small-cap U.S. stocks, we do not want to see any mid- or large-cap holdings," he said. "Sometimes, fund managers will do this to gain some extra alpha if the originally outlined asset class is underperforming in a given year. Zooming out, we want to be the ones to make that decision on the account level, not the managers on the fund level. This way, we have more control over the overall asset allocation and can tie it more closely to the client's goals."

Michael Cochran, chief investment officer of BentOak Capital in Fort Worth, Texas, said an important point to consider is the tracking error, which is the difference between an ETF's performance and that of its benchmark index.

"Several factors can contribute to tracking error, including expense ratios, liquidity, fund size and pricing spreads, or the difference between the bid and ask prices," he said. "Understanding these elements, both collectively and independently, is essential when selecting an ETF to ensure it aligns with investment objectives and performs as expected."

Scroll down the slideshow below for the 10 best-performing and 10 worst-performing passive ETFs in the U.S., based on their three-year annualized return through the end of February 2025. All data is from Morningstar Direct.

10 MicroSectors™ FANG+™ ETN (FNGS)

Fund size	$408.29 million
Expense ratio	0.58
3-year annualized return	26.33%

9 ProShares Ultra Communication Services (LTL)

Fund size	$13.60 million
Expense ratio	0.95
3-year annualized return	26.75%

8 Barclays ETN+ Select MLP (ATMP)

Fund size	$520.39 million
Expense ratio	0.95
3-year annualized return	26.95%

7 ProShares UltraShort Yen (YCS)

Fund size	$21.57 million
Expense ratio	0.98
3-year annualized return	28.76%

6 ProShares UltraPro Short 20+ Year Trs (TTT)

Fund size	$25.93 million
Expense ratio	0.95
3-year annualized return	30.33%

5 MicroSectors™ FANG+™ 3X Leveraged ETN (FNGA)

MICROSECTORS by REXSHARES

Fund size	**$6.36 billion**
Expense ratio	**0.95**
3-year annualized return	**34.81%**

4 ETRACS Qrtly Py 1.5X Lvgd Aln MLP ETN (MLPR)

etracs

Fund size	**$19.40 million**
Expense ratio	**NA**
3-year annualized return	**34.82%**

3 MicroSectors™ FANG+™ 2X Leveraged ETN (FNGO)

MICROSECTORS by REXSHARES

Fund size	**$414.09 million**
Expense ratio	**0.95**
3-year annualized return	**37.12%**

2 Global X MSCI Argentina ETF (ARGT)

GLOBAL X by Mirae Asset

Fund size	**$1.05 billion**
Expense ratio	**0.59**
3-year annualized return	**39.76%**

1 ProShares Ultra Semiconductors (USD)

Fund size	**$887.85 million**
Expense ratio	**0.95**
3-year annualized return	**40.60%**

10 worst-performing passive ETFs of the past three years

10 Direxion Daily FTSE China Bear 3X ETF (YANG)

Direxion

Fund size	$235.35 million
Expense ratio	1.09
3-year annualized return	-52.35%

9 Grayscale Decentraland Trust (MANA)

GRAYSCALE

Fund size	$8.79 million
Expense ratio	2.50
3-year annualized return	-52.85%

8 MicroSectors™ Gold Mns 3X Inv Lvrgd ETN (GDXD)

Fund size	$69.07 million
Expense ratio	0.95
3-year annualized return	-57.02%

7 Direxion Daily Semicondct Bear 3X ETF (SOXS)

Fund size	$518.41 million
Expense ratio	1.03
3-year annualized return	-61.01%

6 ProShares UltraShort Semiconductors (SSG)

Fund size	**$8.08 million**
Expense ratio	**0.95**
3-year annualized return	**-61.60%**

5 MicroSectors™ St FANG&Inn 3X Inv Ld ETNs (BERZ)

Fund size	**$9.67 million**
Expense ratio	**0.95**
3-year annualized return	**-62.34%**

4 VanEck Russia Small-Cap ETF (RSXJ)

VanEck®

Fund size	**$341.42 thousand**
Expense ratio	**0.88**
3-year annualized return	**-67.29%**

3 MicroSectors™ FANG+™ -3X Invrs Lvrgd ETN (FNGD)

MICROSECTORS by REXSHARES

Fund size	**$176.24 million**
Expense ratio	**0.95**
3-year annualized return	**-70.56%**

2 ProShares Ultra VIX Short-Term Futures (UVXY)

Fund size	$232.54 million
Expense ratio	0.95
3-year annualized return	-71.55%

1 ProShares Ultra Bloomberg Natural Gas (BOIL)

Fund size	$289.24 million
Expense ratio	2.11
3-year annualized return	-71.95%